

**ADDENDUM**

**Number: 4**

**Issue Date: 24 March 2006**

**Subject: Mutually Exclusive Tenders Submitted by Different Bidders  
Quantitative Bid Price Adjustments – Green Credit  
Quantitative Bid Price Adjustments – Interconnection and Transmission  
Adjustment  
Determination of Optimal Portfolio – Non-Price Criteria  
General Terms and Conditions – Unavailable Service-Providers  
Project Submission Instructions  
EPA Corrections  
Amendments to CFT Forms and CFT Reference Documents**

Words and phrases defined in the CFT Glossary and in Appendix 1 of the Standard Form EPAs and used in this Addendum have the meanings given in those documents, unless otherwise defined herein. References to section numbers mean sections of the F2006 Call for Tenders document, unless otherwise specified.

**Mutually Exclusive Tenders Submitted by Different Bidders**

1. Section 15.1 is amended by adding the following as the last paragraph in that section:

BC Hydro may determine that two or more Projects tendered by different Bidders cannot reasonably be expected to proceed concurrently, for example, if siting, access to the Energy Source or other matters conflict. In that case, BC Hydro will treat the affected Tenders as mutually exclusive for purposes of Tender evaluation and portfolio assembly.

**Quantitative Bid Price Adjustments – Green Credit**

2. Section 15.4, under the heading “*Large Project Bid Price Adjustments*”, is revised by deleting the first bullet and replacing it with the following:

- Green Credit: For Large Projects that can achieve EcoLogo<sup>M</sup> Certification and have elected to transfer Green Attributes to BC Hydro (see section 11 - Tendered Information and Options above), the levelized Bid Price will be reduced by \$3.00/MWh. (Note that under the EPA, if such a Project subsequently fails to obtain or maintain such certification or transfers Green Attributes to a government under a government incentive program, the price paid to the Bidder under the EPA will be reduced by a like amount, adjusted for escalation from 1 January 2006. See the Large Project EPA for further information on that price adjustment.)

In the case of (i) Large Projects using two or more energy sources as tendered in the Seller’s Plant Description and (ii) where such projects achieve EcoLogo<sup>M</sup> Certification for the energy associated with one or more, but not all, of those energy sources, then the green credit will be reduced accordingly for evaluation

purposes, and under the EPA an annual true-up price adjustment will apply. See the Large Project EPA, Appendix 10, Part B for further information on the true-up price adjustment.

3. Section 15.4, under the heading “*Small Project Bid Price Adjustments*”, is revised by deleting the first bullet and replacing it with the following:

- Green Credit: For Small Projects that can achieve EcoLogo<sup>M</sup> Certification and have elected to transfer Green Attributes to BC Hydro (see section 11 - Tendered Information and Options above), the levelized Bid Price will be reduced by \$3.00/MWh. (Note that under the EPA, if such a Project subsequently fails to obtain or maintain such certification or transfers Green Attributes to a government under a government incentive program, the price paid to the Bidder under the EPA will be reduced by a like amount, adjusted for escalation from 1 January 2006. See the Small Project EPA for further information on that price adjustment.)

In the case of (i) Small Projects using two or more energy sources as tendered in the Seller’s Plant Description and (ii) where such projects achieve EcoLogo<sup>M</sup> Certification for the energy associated with one or more, but not all, of those energy sources, then the green credit will be reduced accordingly for evaluation purposes, and under the EPA an annual true-up price adjustment will apply. See the Small Project EPA, Appendix 9, Part A for further information on the true-up price adjustment.

#### **Quantitative Bid Price Adjustments – Interconnection and Transmission Adjustment**

4. Section 15.4, under the heading “*Large Project Bid Price Adjustments*”, is revised by deleting the third bullet and replacing it with the following:

- Interconnection and Transmission Adjustment: Levelized Bid Prices for Large Projects will be adjusted to take into account interconnection/transmission-related costs and energy losses, the burden of which will fall, directly or indirectly, on BC Hydro and/or its customers, as a result of the Project being interconnected to the Integrated System and energy being transmitted from the Project to the load centre. Initially these adjustments will be assessed on a Project stand-alone basis, using information from the F2006 CFT Preliminary Interconnection Study (e.g. Network Upgrade Costs to the nearest cut-plane), as well as information posted on the BCTC website (e.g. regional cut-plane costs to the nearest bulk transmission system based on Plant Capacity, and the cumulative cost of incremental firm transmission along the bulk transmission system to the Lower Mainland based on Plant Capacity).

BC Hydro will use the BCTC Bulk Transmission System Cost of Incremental Firm Transmission report posted on the BCTC website and current at the time the interconnection and transmission adjustments are determined (the “CIFT” report) for purposes of establishing the cumulative cost of incremental firm transmission along the bulk transmission system to the load centre. Where more than one scenario is provided, BC Hydro will apply the scenario for each bulk system cut-plane that involves the greatest increase in path flow across that cut-plane. For Projects located on Vancouver Island, a CIFT credit may be applied to Projects

tendering an Hourly Firm Energy Profile (there will be no CIFT adjustment for Projects tendering a Monthly Firm Energy Profile).

BC Hydro may identify “clusters” of two or more Projects where (i) further cut-plane costs result from the cluster, as opposed to individual Projects considered on a stand-alone basis, and/or (ii) the allocation of cut-plane costs may be different from the allocation that would apply if the Projects were considered on a stand-alone basis. The financial impact on BC Hydro of these cluster effects may result in further adjustments to the levelized Bid Prices of those Projects within such clusters.

BC Hydro will submit tendered Projects to BC Hydro – Distribution Generator Interconnections and/or to BCTC to assess the impact of average energy losses on the Distribution System and/or Transmission System associated with the transmission of energy from the Project to the load centre. Accordingly, BC Hydro will not be using the BCTC report “Bulk Transmission System Incremental Transmission Losses For The Year 2008-09 Based On NITS-2004 Generation Pattern” posted 8 September 2005 on the BCTC website for purposes of establishing the energy losses along the bulk transmission system.

BC Hydro may request BCTC and/or BC Hydro – Distribution Generator Interconnections to update interconnection cost estimates of certain Projects that could be impacted by a change in the plant capacity of one or more other projects having an existing EPA with BC Hydro.

BC Hydro may also identify portfolios of Tenders for further assessment by BCTC, to further refine the interconnection and transmission adjustment, taking into account the impact of any interconnection/transmission interdependencies between Projects in a given portfolio.

BC Hydro reserves the right during the determination of the interconnection and transmission adjustments to modify and/or supplement the foregoing and to undertake or commission further study and analysis and utilize the results thereof, in determining an appropriate adjustment amount that, in its opinion, will adequately take account of interconnection/transmission-related costs and energy losses, the burden of which will fall, directly on BC Hydro and/or its customers, as a result of any Project being interconnected to the Integrated System and energy being transmitted from that Project to the load centre.

5. Section 15.4, under the heading “*Small Project Bid Price Adjustments*”, is revised by deleting the second bullet and replacing it with the following:

- Interconnection and Transmission Adjustment: Levelized Bid Prices for Small Projects will be adjusted to take into account interconnection/transmission-related costs and energy losses, the burden of which will fall, directly or indirectly, on BC Hydro and/or its customers, as a result of the Project being interconnected to the Integrated System and energy being transmitted from the Project to the load centre. Initially these adjustments will be assessed on a Project stand-alone basis, using information from the F2006 CFT Preliminary Interconnection Study (e.g. Network Upgrade Costs to the nearest cut-plane), as well as information posted on the BCTC website (e.g. regional cut-plane costs to

the nearest bulk transmission system based on Plant Capacity, and the cumulative cost of incremental firm transmission along the bulk transmission system to the Lower Mainland based on Plant Capacity).

BC Hydro will use the BCTC Bulk Transmission System Cost of Incremental Firm Transmission report posted on the BCTC website and current at the time the interconnection and transmission adjustments are determined (the “CIFT” report) for purposes of establishing the cumulative cost of incremental firm transmission along the bulk transmission system to the load centre. Where more than one scenario is provided, BC Hydro will apply the scenario for each bulk system cut-plane that involves the greatest increase in path flow across that cut-plane. For Projects located on Vancouver Island, there will be no CIFT adjustment.

BC Hydro may identify “clusters” of two or more Projects where (i) further cut-plane costs result from the cluster, as opposed to individual Projects considered on a stand-alone basis, and/or (ii) the allocation of cut-plane costs may be different from the allocation that would apply if the Projects were considered on a stand-alone basis. The financial impact on BC Hydro of these cluster effects may result in further adjustments to the levelized Bid Prices of those Projects within such clusters.

BC Hydro will submit tendered Projects to BC Hydro – Distribution Generator Interconnections and/or to BCTC to assess the impact of average energy losses on the Distribution System and/or Transmission System associated with the transmission of energy from the Project to the load centre. Accordingly, BC Hydro will not be using the BCTC report “Bulk Transmission System Incremental Transmission Losses For The Year 2008-09 Based On NITS-2004 Generation Pattern” posted 8 September 2005 on the BCTC website for purposes of establishing the energy losses along the bulk transmission system.

BC Hydro may request BCTC and/or BC Hydro – Distribution Generator Interconnections to update interconnection cost estimates of certain Projects that could be impacted by a change in the plant capacity of one or more other projects having an existing EPA with BC Hydro.

BC Hydro may also identify portfolios of Tenders for further assessment by BCTC, to further refine the interconnection and transmission adjustment, taking into account the impact of any interconnection/transmission interdependencies between Projects in a given portfolio.

BC Hydro reserves the right during the determination of the interconnection and transmission adjustments to modify and/or supplement the foregoing and to undertake or commission further study and analysis and utilize the results thereof, in determining an appropriate adjustment amount that, in its opinion, will adequately take account of interconnection/transmission-related costs and energy losses, the burden of which will fall, directly on BC Hydro and/or its customers, as a result of any Project being interconnected to the Integrated System and energy being transmitted from that Project to the load centre.

### **Determination of Optimal Portfolio – Non-Price Criteria**

6. Section 15.5 is amended by adding the following bulleted items to the list under the fourth paragraph:

- Project or portfolio impacts on the Integrated System and BC Hydro’s generation and distribution system that may benefit, directly or indirectly, BC Hydro and/or its customers,
- The impact of directives issued to BC Hydro by, and/or changes in policy of, the Government of British Columbia and/or changes in federal, provincial or local laws, occurring after the Tender Closing Time and before the award of EPAs,
- The benefits of firm energy during peak demand months and/or Heavy Load Hours,
- The sensitivity of Project and/or portfolio pricing, and/or the cost of BC Hydro’s obligations and liabilities under EPAs, and
- The potential for benefits of diversity in energy supply sources and/or Term of EPAs.

### **General Terms and Conditions – Unavailable Service-Providers**

7. Section 17.19 is amended by adding the following to the list of unavailable service-providers:

Deloitte & Touche LLP  
R.W. Beck International, Ltd.  
Strategic Aboriginal Consulting Inc.

8. Section 17.19 is further amended by adding the following paragraph:

This section 17.19 does not restrict any Bidder from retaining one or more of the service-providers listed in this section after award of EPAs, including for the purpose of providing services related to its Project, subject however to the service-provider respecting its obligations of confidentiality to BC Hydro and any professional conduct standards applicable to it.

### **Project Submission Instructions**

9. Section 4.3(a) of the Project Submission Instructions is deleted and replaced with the following:

If a Bidder claims eligibility for its Project as Green, include as an Exhibit to the Project Submission (i) a copy of a letter from TerraChoice in substantially the form of the Form of TerraChoice Letter – Green, and (ii) a list of all applications and data provided to TerraChoice in support of that treatment. BC Hydro may require any or all such Bidders to submit copies of all applications and data

provided to TerraChoice in support of that treatment, but such applications and data need not be included in the Project Submission.

The foregoing is deemed to be incorporated into the Project Submission Instructions, which will not be reissued.

### **Large Project EPA Amendments**

10. The Large Project EPA, revised 17 March 2006, is corrected by the amendments set out below. These amendments are deemed to be incorporated into the EPA, and the complete corrected EPA will not be reissued.

#### *Large Project EPA Amendments:*

- **BC Clean Electricity**

Section 6.11 is amended by deleting the words “, its employees” in the third sentence.

- **Exclusivity**

Section 7.5 is amended by deleting the word “for” in the first sentence of that section; and

subsection 7.5(a) is amended by replacing the word “parties” with the word “Persons”.

- **Liquidated Damages – Monthly Firm Energy Profile**

Section 12.2 is amended by:

(a) deleting subsection (a) and replacing it with the following:

“the Monthly Firm Energy Amount is (i) the tendered Monthly Firm Energy Amount for that month set out in Appendix 2 minus (ii) an amount equal to the tendered Monthly Firm Energy Amount for that month set out in Appendix 2, divided by the number of minutes in the month multiplied by the number of minutes in the month for which the Seller is excused under subsection 7.8(a) from the obligation to deliver Energy; and”;

(b) adding the word “and” at the end of subsection (b);

(c) adding “;” at the end of paragraphs (c)(ii) and (iii);

(d) deleting “.” at the end of paragraph (c)(iv) and replacing it with “;”; and

(e) adding the word “and” at the end of paragraph (c)(vi).

- **Dispute Resolution**

Section 20.7 is amended by removing the italics from the words “(British Columbia)” wherever they appear in that section and by replacing the word “judgement” with the word “judgment”.

- Commodity Contract/Forward Contract

Section 20.10 is amended by replacing the words “Section 11.1(1)” with the words “section 11.1(1)”.

- Appendix 1

Appendix 1 is amended by italicizing the words “Excise Tax Act” in the definition of “GST”.

- Liquidated Damages – Hourly Firm Energy Profile

Appendix 10, Part A, section 9 is amended by:

- (a) deleting subsection 12.2(a) and replacing it with the following:

“the Hourly Firm Energy Amount is (i) the tendered Monthly Firm Energy Amount for the relevant hour set out in Appendix 2 minus (ii) an amount equal to the tendered Monthly Firm Energy Amount for the relevant hour set out in Appendix 2, divided by 60 minutes multiplied by the number of minutes in the hour for which the Seller is excused under subsection 7.8(a) from the obligation to deliver Energy;”;

- (b) adding the word “and” at the end of subsection 12.2(b); and

- (c) adding the word “and” at the end of paragraph 12.2(c)(vi).

- Green Attributes

Appendix 10, Part B, section 4 is amended by:

- (a) replacing the word “seller” in the last sentence of section 7A.5 with the word “Seller” and the words “EcoLogo Certification” in the last sentence with the words “EcoLogo<sup>M</sup> Certification”;

- (b) replacing the word “enquiries” in section 7A.15 with the word “enquiries”; and

- (c) deleting in Section 7A.17: “A = the percentage of Energy Source(s), as set out in Appendix 5, that is designated as acceptable to generate energy that qualifies for EcoLogo<sup>M</sup> Certification in the letter from TerraChoice Environmental Marketing filed with the Seller’s Tender.” and replacing it with “A = the percentage of the Energy generated at the Seller’s Plant from the Energy Source(s), as set out in Appendix 5, that is designated as acceptable to generate Energy that qualifies for EcoLogo<sup>M</sup> Certification in the letter from TerraChoice Environmental Marketing as filed with the Seller’s Tender.”.

- Split Bids

Appendix 10, Part I, section 4 is amended by inserting the following sentence immediately after the title “Network Upgrade Cost Allocation”: “For the purposes only of this section 4.6 “Network Upgrade Costs” means that portion of Network Upgrade Costs,

as defined in Appendix 1, that is related to the interconnection of the Seller’s Plant to the Transmission System, and excluding any portion of such costs related to the transmission of electricity on the Transmission System.”; and

Appendix 10, Part I, section 8 is amended by:

- (a) deleting the word “for” in the first sentence of section 7.5;
- (b) replacing the word “parties” in subsection 7.5(a) with the word “Persons”; and
- (c) deleting the last paragraph after subsection 7.5(d) and replacing it with “All sales of Energy to third Persons permitted by this section shall be subordinate to the sale of Energy to the Buyer under this EPA, and shall be contracted in a manner that is consistent with the Seller’s obligations and the Buyer’s rights under this EPA.”.

### **Small Project EPA Amendments**

11. The Small Project EPA, revised 17 March 2006, is corrected by the amendments set out below. These amendments are deemed to be incorporated into the EPA, and the complete corrected EPA will not be reissued.

- BC Clean Electricity

Section 6.11 is amended by deleting the words “, its employees” in the third sentence.

- Exclusivity

Section 7.4 is amended by deleting the word “for” in the first sentence of that section; and

Subsection 7.4(a) is amended by replacing the word “parties” with the word “Persons”.

- Commodity Contract/Forward Contract

Section 19.10 is amended by replacing the words “Section 11.1(1)” with the words “section 11.1(1)”.

- Appendix 1

Appendix 1 is amended by italicizing the words “Excise Tax Act” in the definition of “GST”.

- Green Attributes

Appendix 9, Part A, section 4 is amended by:

- (a) replacing the words “EcoLogo Certification” in the last sentence of section 7A.5 with the words “EcoLogo<sup>M</sup> Certification”; and

- (b) deleting in section 7A.17: “A = the percentage of Energy Source(s), as set out in Appendix 5, that is designated as acceptable to generate energy that qualifies for EcoLogo<sup>M</sup> Certification in the letter from TerraChoice Environmental Marketing filed with the Seller’s Tender.” and replacing it with “A = the percentage of the Energy generated at the Seller’s Plant from the Energy Source(s), as set out in Appendix 5, that is designated as acceptable to generate Energy that qualifies for EcoLogo<sup>M</sup> Certification in the letter from TerraChoice Environmental Marketing as filed with the Seller’s Tender.”.

**Amendments to CFT Forms and CFT Reference Documents**

12. Concurrently with the issue of this Addendum, BC Hydro has issued the following CFT Forms and CFT Reference Documents, incorporating minor corrections and clarifications.

- CFT Form # 2 Seller’s Plant Description Form – amendment to the information to be provided for Energy Source(s).